LISTING STATEMENT No. 1663

LISTED NOVEMBER 6th, 1951
250,000 common shares of no par value
Post section 10
Ticker abbreviation CSC

TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE CANADIAN SALT COMPANY LIMITED

Incorporated under the laws of Canada by Letters Patent dated December 26th, 1950, as amended by Supplementary Letters Patent dated February 9th, 1951.

COMMON SHARES
Without Nominal or Par Value
(Certificates transferable at Montreal, Toronto, Winnipeg and Vancouver, Canada)

CAPITAL SECURITIES AS AT NOVEMBER 2, 1951

SHARES	Authorized	Issued and Outstanding	To be Listed
Common shares without nominal or par value	500,000	250,000	250,000
BONDS			
First Mortgage Bonds 4½% Series "A"	$2,250,000	2,250,000	—
NOTES			
5% Notes	$2,000,000	2,000,000	—

Montreal, November 2, 1951.

1. THE CANADIAN SALT COMPANY LIMITED (hereinafter referred to as the "Company") hereby makes application for listing on the Toronto Stock Exchange of 250,000 shares without nominal or par value of the capital stock of the Company, all of which shares were issued and are outstanding as fully paid and non-assessable.

2. HISTORY

The Company was incorporated under the laws of Canada by Letters Patent dated December 26, 1950, and the general nature of the business of the Company is the recovery, processing and sale of salt and the operation of gas wells in connection with the Company's operations.

The Company acquired, as going concerns, the salt businesses operated by the Salt Division of Canadian Industries Limited and by Alberta Salt Company Limited. The salt plants acquired from Canadian Industries Limited are located at Windsor, Ontario, and Neepawa, Manitoba, and the plant acquired from the Alberta Salt Company Limited is located at Lindbergh, Alberta. The plants at Windsor and Neepawa (which were acquired by the Company as of March 31, 1951) have marketed their packed and packaged products under the brand name "Windsor" Salt, a name established by some fifty-seven years of service to the Canadian salt trade, while the packed and packaged products of Alberta Salt Company Limited plant (which was acquired by the Company as of December 31, 1950) have, since the start of operations in July, 1948, been marketed under the brand name of "Cascade" Salt. Bulk industrial salt, necessarily unbranded, is also produced at all three plants.

3. NATURE OF BUSINESS

All three plants are engaged in the recovery and refining of salt from brines in modern vacuum pan evaporators which produce salt in the form of fine crystals. The "grainer" process is also used at the Windsor works.

The products of the Company are distributed through both wholesalers and retailers, as well as directly to industrial concerns, for numerous uses. The salt produced by the Company serves markets which include the home, farm, chemical industry, general industry, public works and services of all kinds.

The installed productive capacity of the three plants is approximately 228,000 tons per year. The plant acquired from Alberta Salt Company Limited did not commence production until June, 1948. The approximate aggregate annual output of the two salt plants acquired from Canadian Industries Limited for the years 1946, 1947 and 1948 was 175,000 tons. The approximate aggregate annual output of all three plants for the years 1949 and 1950 was 200,000 tons.

At present the Company has approximately 320 employees.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

4. ORGANIZATION AND CAPITAL CHANGES

The Company was incorporated under the laws of Canada pursuant to The Companies Act, 1934, as a public company by Letters Patent dated December 26, 1950, with an authorized capital stock consisting of 200,000 shares without nominal or par value. The authorized capital of the Company was increased to 500,000 shares without nominal or par value by Supplementary Letters Patent dated February 9, 1951.

5. NO PERSONAL LIABILITY—OPINION OF COUNSEL

All the issued and outstanding common shares of the capital stock of the Company are fully paid and non-assessable and no personal liability attaches to the ownership thereof. The opinion of Messrs. McMichael, Common, Howard, Ker and Cate, Barristers and Solicitors, 360 St. James Street West, Montreal, P.Q., as general counsel for the Company relating to the incorporation and organization of the Company, the issue of its shares and the fact that they are fully paid and non-assessable is on file with the Toronto Stock Exchange.

6. AUTHORIZED AND ISSUED CAPITAL

On January 27, 1951, the Company accepted two subscriptions for a total of 59,990 shares without nominal or par value of its capital stock. The shares so subscribed for as well as the 10 shares subscribed for by the incorporators of the Company were paid in full in cash at a price of $1.00 per share, being an aggregate of $60,000. An additional 50,000 shares were allotted and issued as fully paid and non-assessable pursuant to a resolution of the Directors of the Company adopted on March 21, 1951, to Alberta Salt Company Limited at a price of $4.50 per share or an aggregate of $225,000 in part payment for the assets acquired from Alberta Salt Company Limited.

The only offer of shares to the public was made in a prospectus dated March 20, 1951, when 128,000 shares were offered and sold at a price of $4.75 per share, the Company receiving therefor the sum of $4.50 per share or a total sum of $576,000, and in a prospectus dated March 14, 1951, when 12,000 shares were offered and sold in connection with an issue of $2,000,000 principal amount of 5% Notes, the Company receiving for such shares a price of $4.50 per share or an aggregate of $54,000.

The purpose of the issue of 200,000 shares was to obtain funds to provide part of the cash consideration for the purchase of the assets referred to above from Canadian Industries Limited and Alberta Salt Company Limited, together with accounts receivable, inventories, etc., and to provide for payment of preliminary organization expenses and working capital.

7. STOCK PROVISIONS AND VOTING POWER

Every shareholder of the Company has a right to attend and vote at meetings of the shareholders of the Company and has one vote per share.

8. DIVIDENDS

The Company covenanted in the Trust Agreement relating to the 5% Notes referred to in item number 11 below that so long as any of the 5% Notes remain outstanding, and in the Trust Deeds securing the First Mortgage Bonds that so long as any Series "A" Bonds remain outstanding, no dividends will be declared or paid on any shares of its capital stock, nor will the Company effect any reduction of its paid-up capital nor redeem or purchase any of its capital stock, when net current assets (defined in the Trust Deeds and in the Trust Agreement) of the Company are less than, or which would reduce such net current assets below, $1,000,000.

No dividends have been paid on the shares of the Company.

9. RECORD OF PROPERTIES

The Windsor plant is located on the shore of the Detroit River near the western limit of the City of Windsor, Ontario, on a site wholly owned by the Company. The Windsor works is modern in every respect and is believed to be the largest salt producing plant in Canada. The property covers approximately 75 acres.

The Neepawa plant is located on a site in the Town of Neepawa in west central Manitoba, about 125 miles from Winnipeg. The plant and one brine well are on Company-owned land and the second well is on land held under a lease. The property owned and leased is in good condition and covers approximately 6½ acres.

The Lindbergh plant is located some 160 miles north-east of Edmonton, Alberta, close to the North Saskatchewan River. The salt deposits are held under lease from the Alberta Government, together with natural gas and petroleum leases. The plant is fully modern, with ample warehouse, loading and railway siding facilities. The property covers approximately 285 acres.

10. SUBSIDIARY COMPANIES

The Company owns 1,010 no par value common shares of the capital stock of Malagash Salt Company, which company was incorporated under date of August 1, 1927, under the provisions of the Nova Scotia Companies Act and has an authorized capital consisting of 3,277 non-cumulative redeemable preferred shares of the par value of $50 each, and 5,000 no par value common shares, of which all the preferred shares and 1,916 common shares are issued and outstanding. The Company is in the salt business.

11. FUNDED DEBT

At the present time the Company has authorized and issued \$2,250,000 principal amount of First Mortgage Bonds, 4½% Series "A", dated March 1, 1951, to mature on March 1, 1970, to bear interest at the rate of 4½% per annum payable half-yearly on March 1 and September 1 in each year, having a sinking fund payable by the Company on or before March 1 in each year, commencing with the year 1952, of an amount sufficient to retire \$140,000 principal amount of Series "A" Bonds in each of the years 1952 and 1953 and thereafter \$95,000 principal amount of such Bonds per annum up to and including the year 1969, all the Series "A" Bonds being secured by trust deeds equally and ratably with each other and equally and ratably (except as to sinking funds pertaining exclusively to any particular series) with all bonds of any other series which may be issued and outstanding under the terms and subject to the restrictions contained in the said trust deeds.

The First Mortgage Bonds, 4½% Series "A", are secured by trust deeds creating a first specific charge on (a) the properties on which the plants are situated at Windsor, Ontario, Neepawa, Manitoba, and Lindbergh, Alberta, and salt properties at Windsor; (b) the wells on the properties at Windsor and Neepawa; (c) rights acquired under leases or agreements covering salt and gas wells; (d) all real and immovable properties, and all rights under leases and agreements covering salt and gas wells hereafter acquired and (e) a first floating charge upon the undertaking of the Company and all its property and assets, present and future, other than those covered by the specific security.

The Company has also authorized and issued \$2,000,000 principal amount of unsecured 5% Notes dated March 1, 1951, to mature on March 1, 1971, to bear interest at the rate of 5% per annum, payable half-yearly on March 1 and September 1 in each year, to have a sinking fund payable by the Company on or before March 1 in each of the years 1954 to 1970 inclusive, of an amount sufficient to retire \$82,500 principal amount of Notes in each of said years. The Notes are not secured by hypothec, mortgage, pledge or other charge but are direct obligations of the Company.

12. OPTIONS AND UNDERWRITING

The Company is not aware of any options or underwritings outstanding in respect of any of its shares of capital stock.

13. LISTING ON OTHER STOCK EXCHANGES

The Company proposes to list concurrently with this listing application the said 250,000 shares without nominal or par value of its capital stock on the Montreal Curb Market.

14. STATUS UNDER SECURITY ACT

All the material required with respect to the offering and sale through registered brokers of 140,000 shares was filed with the Ontario Securities Commission. The initial offering and sale of 110,000 shares was exempt under The Securities Act (Ontario).

15. FISCAL YEAR

The fiscal year of the Company ends on the 31st day of December in each year, commencing with the year 1951.

16. ANNUAL MEETING

The annual meeting of the shareholders of the Company is to be held on such date (not later than four months reckoning from the end of the Company's financial year) as the Directors may from time to time determine. All annual meetings of the shareholders of the Company are to be held at the head office of the Company or at such other place, within Canada, as may be fixed from time to time by resolution of the Board of Directors. An annual meeting of the shareholders of the Company has not yet been held.

17. HEAD AND OTHER OFFICES

The head office of the Company is at 625 Dorchester Street West, Montreal, P.Q. The Company also maintains district sales offices in the cities of Saint John, N.B., Quebec, Montreal, Toronto, Winnipeg and Edmonton.

18. TRANSFER AGENT

The transfer agent in respect of the shares of the capital stock of the Company is Montreal Trust Company at 511 Place d'Armes, Montreal, P.Q., 15 King Street West, Toronto, Ont., 218 Portage Avenue, Winnipeg, Man., and 466 Howe Street, Vancouver, B.C. All shares are interchangeably transferable to the register of transfers at Montreal or in any branch register of transfers regardless of where or when the share certificates involved in any transfer were issued.

19. TRANSFER FEE

No fee is charged on transfers of shares of capital stock of the Company other than the customary Government stock transfer taxes.

20. REGISTRAR

The registrar of shares of the capital stock of the Company is Montreal Trust Company at 511 Place d'Armes, Montreal, P.Q., 15 King Street West, Toronto, Ont., 218 Portage Avenue, Winnipeg, Man., and 466 Howe Street, Vancouver, B.C.

21. AUDITORS

The auditors of the Company are Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, in the Bank of Canada Building, Montreal, P.Q.

22. OFFICERS

NAME	OFFICE HELD	ADDRESS
Horatio Ray Milner, K.C.	*President*	11618—100th Avenue, Edmonton, Alta.
Edson Gerald Smith	*Vice-President*	4358 Westmount Avenue, Westmount, P.Q.
Norman Compton Hobson	*General Manager*	5014 Ponsard Avenue, Montreal, P.Q.
James Hamilton Burtch	*Secretary-Treasurer*	3885 Maplewood Avenue, Montreal, P.Q.

23. DIRECTORS

James Richardson Donald, O.B.E.	561 Lansdowne Avenue, Westmount, P.Q.
David Kilvert Baldwin	1227 Sherbrooke Street West, Montreal, P.Q.
Frederick David Lamont	4655 Prince of Wales Avenue, Montreal, P.Q.
Edson Gerald Smith	4358 Westmount Avenue, Westmount, P.Q.
George Macartney Duck	709 Devonshire Road, Windsor, Ont.
Lionel David MacKenzie Baxter	137 Westgate Avenue, Winnipeg, Man.
Horatio Ray Milner, K.C.	11618—100th Avenue, Edmonton, Alta.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors the applicant company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

CORPORATE SEAL

THE CANADIAN SALT COMPANY LIMITED
"E. G. SMITH"
"J. H. BURTCH"

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

as of October 22nd, 1951

Number		*Shares*
667	Holders of 1 – 100 share lots	15,422
12	" " 101 – 200 " "	1,805
8	" " 201 – 300 " "	1,890
2	" " 301 – 400 " "	800
5	" " 401 – 500 " "	2,370
12	" " 501 – 1000 " "	8,783
7	" " 1001 – up " "	218,930
713	Stockholders	250,000

FINANCIAL STATEMENT

BALANCE SHEET AS OF AUGUST 31, 1951

ASSETS

CURRENT ASSETS:		
Cash in banks and on hand		$1,011,041.74
Accounts receivable, less reserve		736,772.21
Inventories at the lower of cost or market value (as determined and certified to by responsible officials)		329,401.27
Prepaid expenses		102,193.42
		$2,179,408.64
INVESTMENTS AT COST:		
Shares in subsidiary company	$ 126,426.80	
Other shares	5,000.00	
		131,426.80
FIXED ASSETS—at cost:		
Property, plant and equipment, including salt and gas wells	$3,581,210.88	
Less reserve for depreciation	142,111.00	
		3,439,099.88
		$5,749,935.32
GOODWILL, TRADE MARKS AND RIGHTS under salt and gas leases		1.00
UNAMORTIZED DISCOUNT AND EXPENSES ON BONDS AND NOTES		212,295.15
ORGANIZATION EXPENSES		71,096.75
		$6,033,328.22

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable and accrued charges		$ 508,212.14
Due to subsidiary company		138,861.25
Provision for contributions to proposed pension plan (*Note 1*)		21,670.59
Provision for income taxes		101,400.00
Sinking Fund contribution due March 1, 1952, in respect of First Mortgage Bonds 4½% Series "A"		140,000.00
		$ 910,143.98
FUNDED DEBT:		
First Mortgage Bonds 4½% Series "A" due March 1, 1970	$2,250,000.00	
5% Notes due March 1, 1971	2,000,000.00	
	$4,250,000.00	
Less Sinking Fund contribution due March 1, 1952	140,000.00	
		4,110,000.00
CAPITAL STOCK:		
Authorized—500,000 shares of no par value.		
Issued and Outstanding—250,000 shares fully paid		915,000.00
EARNED SURPLUS:		
Net Income for period from inception of the Company, December 26, 1950, to August 31, 1951		98,184.24
		$6,033,328.22

NOTE 1: The provision for contributions to the proposed pension fund shown above represents the Company's estimate for the current service cost under the proposed plan. No provision has been made for past service cost as under the Company's agreement with Canadian Industries Limited the latter will transfer to The Canadian Salt Company Limited the amount of the accrued pension rights of its former employees who transferred to The Canadian Salt Company Limited.

NOTE 2: At August 31, 1951, the Company had contractual liabilities in respect of a building and equipment aggregating approximately $124,000.

AUDITORS' REPORT

To the Directors,
The Canadian Salt Company Limited.

We have examined the accounts of The Canadian Salt Company Limited for the period from the inception of the Company, December 26, 1950, to August 31, 1951, and in accordance with the provisions of The Companies Act, 1934 (Canada), we have to report that we have obtained all the information and explanations we have required and, in our opinion, the above Balance Sheet as of August 31, 1951, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as of August 31, 1951, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

October 23, 1951.

STATEMENT OF PROFIT AND LOSS

For Period from Incorporation of the Company, December 26, 1950, to August 31, 1951,

which period includes the operations of the Windsor and Neepawa plants for five months only and the operations of the Lindbergh plant for eight months.

GROSS PROFIT BEFORE PROVISION FOR DEPRECIATION		$673,156.42
OPERATING EXPENSES:		
Selling expenses	$134,776.69	
General and administrative expenses (including salaries of executive officers, $9,000.00 and directors' fees, $450.00)	100,020.24	
		234,796.93
OPERATING PROFIT BEFORE PROVISION FOR DEPRECIATION		$438,359.49
INCOME DEDUCTIONS:		
Depreciation	$142,111.00	
Interest on funded debt	84,635.28	
Amortization of discount and expenses on bonds and notes	5,547.68	
	$232,293.96	
Less other income	1,118.71	
		231,175.25
		$207,184.24
PROVISION FOR INCOME TAXES—estimated		109,000.00
NET INCOME FOR THE PERIOD		$ 98,184.24

EARNINGS

The Directors,
The Canadian Salt Company Limited.
Dear Sirs:

We have examined the accounting records of Canadian Industries Limited insofar as they relate to the operations of the Company's salt plant at Windsor, Ontario, for the ten calendar years 1941 to 1950 inclusive and to its salt plant at Neepawa, Manitoba, for the nine calendar years 1942 to 1950 inclusive. We have also examined the books and accounts of Alberta Salt Company Limited from the commencement of its operations in June, 1948, to December 31, 1950. We report that, in our opinion, the following summary, read in conjunction with the footnotes thereto, fairly presents the combined earnings of the properties to be acquired by The Canadian Salt Company Limited for the ten years indicated.

	Combined earnings before depreciation, interest charges and taxes on income	Provision for depreciation	Net profit before interest charges and taxes on income	Provision for taxes on income	Net Income
1941	$ 560,842	$108,531	$452,311	$201,240	$251,071
1942	726,666	134,725	591,941	264,073	327,868
1943	757,972	145,447	612,525	273,336	339,189
1944	607,313	161,390	445,923	198,365	247,558
1945	561,166	156,230	404,936	179,921	225,015
1946	265,537	145,558	119,979	51,691	68,288
1947	519,750	154,847	364,903	161,906	202,997
1948	487,747	179,979	307,768	136,195	171,573
1949	670,648	250,528	420,120	186,754	233,366
1950	1,057,927	238,396	819,531	366,488	453,043

NOTES:

(1) The present Neepawa salt plant was under construction in 1941, and 1942 was the first complete year of operation.

(2) Alberta Salt Company Limited commenced operations in June, 1948, which resulted in a loss of $28,855 in 1948 and net profit before interest charges and taxes on income of $10,522 and $146,080 in 1949 and 1950 respectively. The fiscal year of the Company ends June 30, and the results of its operations have been adjusted by apportionment to a calendar year basis.

(3) The 1946 earnings were adversely affected by a strike at the Windsor plant which lasted from June 27 to October 17, 1946.

(4) Depreciation has been provided on the book value of fixed assets on the straight-line method at the rates allowed for income tax purposes before the new depreciation regulations were adopted. Applying the same method and rates to the cost to the Canadian Salt Company Limited of the properties to be acquired, the depreciation for the first year would amount to approximately $245,000.

(5) Provision for taxes on income has been calculated on the net profit before interest charges, as shown above, at rates prevailing at December 31,1950.

(6) In computing the earnings of the Salt Division of Canadian Industries Limited, the portion of head office expenses allocated thereto by that company has been eliminated and no provision has been made in the above figures for the cost of the head office organization which will be necessary when the properties are acquired and operated or for the pension fund contribution and vacation plan contemplated by the new company, the estimated combined cost of which is $125,000 per annum.

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Auditors.

Montreal, Que., March 1, 1951.

The Canadian Salt Company Limited

$2,000,000 5% NOTES

(LETTERHEAD)

THE CANADIAN SALT COMPANY LIMITED

Montreal, March 1, 1951.

NESBITT, THOMSON & COMPANY, LIMITED,
355 ST. JAMES STREET WEST,
MONTREAL, QUE.

Gentlemen:

With reference to your agreement to purchase the $2,000,000 principal amount of 5% Notes and Common Shares of The Canadian Salt Company Limited we have pleasure in giving you the following information.

THE COMPANY

The Canadian Salt Company Limited hereinafter sometimes called the Company, was incorporated under the laws of Canada on December 26, 1950 for the purpose of acquiring, as going concerns, the salt businesses operated by the Salt Division of Canadian Industries Limited and by Alberta Salt Company Limited.

The salt plants to be acquired from Canadian Industries Limited are located at Windsor, Ontario and Neepawa, Manitoba and the salt plant to be acquired from Alberta Salt Company Limited is located at Lindbergh, Alberta. The land, wells, buildings, and equipment comprising these properties will have a book value of $3,464,000. In December 1950 Stone & Webster Engineering Corporation examined the properties and based on their examinations and investigations they found present total and combined value of these properties, based on their approximate cost to reproduce new, less depreciation and depletion, to be $4,930,700. This total excludes the values of underground salt and gas reserves and makes no allowance for the items of organization expense, working capital, including materials and supplies, cost of financing and going value.

The plants at Windsor and Neepawa have marketed their packed and packaged products under the brand name "Windsor" Salt, a name established by some fifty-seven years of service to the Canadian salt trade, while the packed and packaged products of Alberta Salt Company Limited have, since the start of operations in July, 1948, been marketed under the brand name of "Cascade" Salt. Bulk industrial salt, necessarily unbranded, is also produced at all three plants.

The recovery and refining of salt from the brines at all three plants are carried out in modern vacuum pan evaporators, which produce salt in the form of fine cubical crystals. This basic product is processed in several ways according to the purpose for which it is required. Some, the least processed of all, becomes bulk salt for large industrial users. The greater part is processed by a variety of treatments which may include extra drying, screening into special crystal sizes, blending with special admixtures for particular purposes, compressing into 50 lb. blocks or tiny tablets, fusion and crushing, etc., so that a complete range of products for both general and specialized purposes is manufactured.

Recovery of salt by the "grainer" process is also carried out at the Windsor works. This process yields salt in the form of thin flaky crystals. Five additional special grades are prepared from run-of-grainer stock by screen selection. These grades are used mainly by the dairy industry and the baking industry.

Common salt—in chemical terms, sodium chloride—is one of the few natural products for which in the vast majority of its uses there is either no substitute whatever or no practical economic substitute. It is essential in human and animal nutrition; it is a necessary process material in several major industries and an auxiliary supply material in almost all industry; it is required for many public services; and it is the basic and completely unsubstitutable raw material of chemical industry for the production of sodium and chlorine, their compounds and derivatives. Salt thus serves markets which include the home, the farm, general industry, public works and services, and the chemical industry, in a wide diversity of uses and applications both directly in the form of salt and indirectly as salt-derived chemicals.

PROPERTIES AND PLANTS

The installed productive capacity of the three plants is approximately 228,000 tons per year. The approximate level of sales from these plants in each of the years 1949 and 1950 has been about 200,000 tons.

Windsor, Ontario

The Salt Works at Windsor, Ontario—approximately 150,000 tons annual capacity—are located on the shore of the Detroit River near the western limit of the City of Windsor, on a site wholly owned by the Company both as to surface and mineral rights. This location is over a portion of the Great Michigan-Ontario salt basin and draws raw brine from wells drilled to a depth of about 1,600 feet into salt beds over 200 feet thick.

In addition to wells on the plant site, the Company will have rights to operate other well-sites nearby. According to a report dated January 6th, 1951, by L. Heber Cole, an outstanding authority on the geology of Canadian salt deposits, the salt deposits available to the Windsor Works are adequate to maintain current capacity for not less than 115 years.

Windsor Works is modern in every respect and constitutes the largest salt producing plant in Canada. The most recent addition to facilities here is a completely new materials handling system, installed in 1948, which has contributed materially to operating efficiency. Windsor Works has excellent warehouse and shipping facilities. It is serviced by Essex Terminal Railways which provides connections with both Canadian Pacific Railway and Canadian National Railways, as well as with certain American lines that serve south-western Ontario and the Niagara Peninsula. In addition it has its own docks and loading sheds on the Detroit River, and can load package freighters or bulk cargos with equal facility and it also has ample truck-loading facilities for highway transport service as required.

Neepawa, Manitoba

The Salt Works at Neepawa, Manitoba—annual capacity approximately 28,000 tons—are located on a site in the town of Neepawa, which is in west-central Manitoba about 125 miles from the City of Winnipeg. This operation draws its brine supply by means of two wells from natural brines contained in porous

rock structure about 1,400 feet below surface. While evaluation of the extent of the supply of raw material from this type of formation is more difficult than with rock salt deposits that can be physically outlined, it is the considered opinion of Mr. L. Heber Cole that brines here are adequate to maintain operations at current capacity for not less than 50 years.

Ownership of the land on which the Neepawa Plant and one brine well are located includes both surface and mineral rights, other than precious metals. The second well is located on leased property and annual rental is payable by the lessee based on the sale price of salt produced and sold with minimum rental of $900 per year.

The present salt works at Neepawa were completed in 1941, and have been in steady production since June, 1941. The plant is served by both Canadian Pacific Railway and Canadian National Railways.

Lindbergh, Alberta

Lindbergh, Alberta, is located some 160 miles north-east of Edmonton, close to the North Saskatchewan River, on the Canadian National Railways. It is thus well located to serve the trade and industry of the Western provinces of Canada.

The Salt Works at Lindbergh—annual capacity approximately 50,000 tons—like those at Windsor, Ont., are located over extensive beds of solid rock salt 800 to 1,000 feet thick, tapped by wells drilled to a depth of approximately 3,500 feet. The salt resources of this site amount to many billions of tons and are sufficient for over one hundred years of greatly expanded operations, should such become desirable.

The salt deposits at Lindbergh are held under lease from the government of the Province of Alberta and a royalty (subject to revision from time to time) of 25c per ton on production is payable to the Alberta Government. Natural gas from wells also held under lease or reservation from the Government of the Province of Alberta and the Canadian Pacific Railway Company is used as fuel in the Lindbergh salt operations. The Company will be entitled to all rights to petroleum, natural gas and related hydrocarbons only down to the top of the Devonian limestone.

The salt plant at Lindbergh was completed early in 1948 and has been in steady operation since June, 1948. It is a fully modern plant, with ample warehouse, loading and railway siding facilities for production at the current rate of approximately 25,000 tons per year and with its own modern townsite. The layout is such as to provide for future expansion, either for increased salt production or for manufacture of chemicals.

CAPITALIZATION

(After giving effect to proposed financing)

	Authorized	To be Outstanding
First Mortgage Bonds, 4½% Series "A", to mature March 1, 1970	*	$2,250,000
5% Notes to mature March 1, 1971	$2,000,000	2,000,000
Common Shares of no par value	500,000 shs.	250,000 shs.

*Additional Bonds may be issued subject to the restrictions and conditions to be contained in the Trust Deeds.

PURPOSE OF ISSUE

The proceeds from the sale of the 5% Notes, together with the proceeds of the sale of the First Mortgage Bonds, 4½% Series "A", and of 200,000 Common Shares are being used to provide the cash consideration for the purchase of the assets above referred to from Canadian Industries Limited and Alberta Salt Company Limited, together with accounts receivable, inventories, etc., and to provide for payment of preliminary and organization expenses and for working capital.

SECURITY

The 5% Notes will be direct obligations of the Company but will not be secured by hypothec, mortgage, pledge or other charge.

SINKING FUND

The Trust Agreement will provide for annual Sinking Fund payments to the Trustee, on or before March 1 in each of the years 1954 to 1970 inclusive, of an amount sufficient to retire $82,500 principal amount of the 5% Notes in each of said years. It is estimated that this will retire 70% of the 5% Notes by maturity.

REDEMPTION

The 5% Notes will be redeemable prior to maturity, in whole at any time or in part from time to time at the option of the Company or for Sinking Fund purposes, on at least thirty days' notice, at the principal amount thereof plus a premium of 5% if redeemed on or before March 1, 1953, the said premium being reduced by ½ of 1% for each two years or portion thereof elapsed from such date to the date fixed for redemption, together in each case with accrued interest to the date fixed for redemption.

RESTRICTION ON PAYMENT OF DIVIDENDS

The Company will covenant in the Trust Agreement that so long as any of the 5% Notes remain outstanding, and in the Trust Deeds securing the First Mortgage Bonds that so long as any Series "A" Bonds remain outstanding, no dividends will be declared or paid on any shares of its capital stock, nor will the Company effect any reduction of its paid up capital nor redeem or purchase any of its capital stock, when net current assets (to be defined in the Trust Agreement) of the Company are less than, or which would reduce such net current assets below, $1,000,000.

COVENANT

The Company will covenant in the Trust Deeds securing the First Mortgage Bonds that so long as any Series "A" Bonds remain outstanding it will not apply any of its assets to the redemption or purchase of any of the 5% Notes except for the purpose of the Sinking Fund in respect of said Notes.

EARNINGS

The following report with respect to earnings of the properties to be acquired for the ten years ended December 31, 1950 has been prepared by the Company's Auditors.

The Directors,
The Canadian Salt Company Limited.

Dear Sirs:

We have examined the accounting records of Canadian Industries Limited insofar as they relate to the operations of the Company's salt plant at Windsor, Ontario, for the ten calendar years 1941 to 1950 inclusive and to its salt plant at Neepawa, Manitoba, for the nine calendar years 1942 to 1950 inclusive. We have also examined the books and accounts of Alberta Salt Company Limited from the commencement of its operations in June 1948 to December 31, 1950. We report that, in our opinion, the following summary, read in conjunction with the footnotes thereto, fairly presents the combined earnings of the properties to be acquired by The Canadian Salt Company Limited for the ten years indicated.

	Combined earnings before depreciation, interest charges and taxes on income	Provision for Depreciation	Net profit before interest charges and taxes on income	Provision for taxes on income	Net Income
1941	$ 560,842	108,531	452,311	201,240	251,071
1942	726,666	134,725	591,941	264,073	327,868
1943	757,972	145,447	612,525	273,336	339,189
1944	607,313	161,390	445,923	198,365	247,558
1945	561,166	156,230	404,936	179,921	225,015
1946	265,537	145,558	119,979	51,691	68,288
1947	519,750	154,847	364,903	161,906	202,997
1948	487,747	179,979	307,768	136,195	171,573
1949	670,648	250,528	420,120	186,754	233,366
1950	1,057,927	238,396	819,531	366,488	453,043

NOTES:

(1) The present Neepawa salt plant was under construction in 1941, and 1942 was the first complete year of operation.

(2) Alberta Salt Company Limited commenced operations in June 1948 which resulted in a loss of $28,855 in 1948 and net profit before interest charges and taxes on income of $10,522 and $146,080 in 1949 and 1950 respectively. The fiscal year of the company ends June 30, and the results of its operations have been adjusted by apportionment to a calendar year basis.

(3) The 1946 earnings were adversely affected by a strike at the Windsor plant which lasted from June 27 to October 17, 1946.

(4) Depreciation has been provided on the book value of fixed assets on the straight-line method at the rates allowed for income tax purposes before the new depreciation regulations were adopted. Applying the same method and rates to the cost to the Canadian Salt Company Limited of the properties to be acquired, the depreciation for the first year would amount to approximately $245,000.

(5) Provision for taxes on income has been calculated on the net profit before interest charges, as shown above, at rates prevailing at December 31, 1950.

(6) In computing the earnings of the Salt Division of Canadian Industries Limited, the portion of head office expenses allocated thereto by that company has been eliminated and no provision has been made in the above figures for the cost of the head office organization which will be necessary when the properties are acquired and operated or for the pension fund contribution and vacation plan contemplated by the new company, the estimated combined cost of which is $125,000 per annum.

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Auditors.

Montreal, Que., March 1, 1951.

After deduction of $125,000 per annum for Head Office expenses and pension fund and vacation contributions, and maximum annual interest of $101,250 on the First Mortgage Bonds, 4½% Series "A", it will be noted from the above table that average annual earnings for the ten year period under review, after depreciation, but before interest on the 5% Notes and income taxes, amounted to $227,743, equivalent to 2.27 times the maximum annual interest charges of $100,000 on the proposed issue of $2,000,000 principal amount of 5% Notes. For the year ended December 31, 1950 earnings on the above basis amounted to $593,281, equivalent to 5.93 times the maximum annual interest charges of $100,000 on the proposed issue of $2,000,000 principal amount of 5% Notes.

BALANCE SHEET

There is attached hereto a copy of a pro forma balance sheet of the Company as at December 31, 1950; giving effect to the changes noted thereon, together with a report thereon by the Company's Auditors.

Yours very truly,

THE CANADIAN SALT COMPANY LIMITED

(Signed) H. R. MILNER
President

THE CANADIAN SALT COMPANY LIMITED

Pro Forma Balance Sheet as of December 31, 1950

After giving effect to:

(1) The acquisition of the properties, goodwill and trade marks of the salt business of Canadian Industries Limited at Windsor, Ontario and Neepawa, Manitoba under option to purchase exercised on January 30, 1951. The option requires the purchase to be carried out on or before March 31, 1951.

(2) The acquisition of the assets (other than cash) including goodwill and trade marks of Alberta Salt Company Limited and the assumption of certain of its current liabilities as of December 31, 1950, under agreement dated March 5, 1951.

(3) The issue of (a) 250,000 shares of Capital Stock, (b) \$2,250,000 First Mortgage Bonds, 4½% Series "A" and (c) \$2,000,000 5% Notes.

(4) The application to the extent necessary, of the net proceeds of the above issues in payment of the purchase price of the properties acquired.

ASSETS

Current:		
Cash		\$1,398,500
Accounts receivable		56,054
Advances		1,450
Inventories as certified by the management of Alberta Salt Company Limited:		
Stock salt at the lower of cost or market	\$11,526	
Process stores and containers at cost	27,744	39,270
Prepaid expenses		10,588
		\$1,505,862
Fixed:		
Property, plant and equipment, including salt and gas wells, at cost (Reproduction cost new, less depreciation and depletion, \$4,930,700 as appraised by Stone and Webster Engineering Corporation, Boston, December 21, 1950)		3,463,531
		4,969,393
Goodwill, trade marks and rights under salt and gas leases		1
Discount on bonds and notes		201,500
Preliminary, organization and financing expenses—estimated		60,000
		\$5,230,894

LIABILITIES

Current:		
Accounts payable including estimated expenses of organization and financing		\$ 65,894
Funded Debt:		
First Mortgage Bonds, 4½% Series "A", due March 1, 1970	\$2,250,000	
5% Notes—due March 1, 1971	2,000,000	\$4,250,000
Capital Stock:		
Authorized—500,000 shares of no par value		
Issued —250,000 shares fully paid (of which 50,000 shares are to be issued in payment of \$225,000 of the purchase price of assets of Alberta Salt Company Limited)		915,000
		\$5,230,894

NOTE:—Under the agreement with Canadian Industries Limited the Company will (1) purchase the inventories and accounts receivable of Canadian Industries Limited Salt Division as of the effective date of the completion of the purchase agreement, the estimated value of which will be approximately \$850,000, and (2) receive from Canadian Industries Limited an amount to cover the accrued pension rights of its employees transferred to The Canadian Salt Company Limited, the liability for which will be assumed by the latter.

Approved:

(Signed) H. R. MILNER, Director.

(Signed) E. G. SMITH, Director.

To the Directors,
The Canadian Salt Company Limited.

We have examined the records of The Canadian Salt Company Limited and the contracts relating to the transactions set forth in the heading to the above Balance Sheet.

We report that in our opinion the above Pro-Forma Balance Sheet as of December 31, 1950 is drawn up so as to show the financial position of the Company after giving effect, as of that date, to the transactions referred to above.

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Auditors.

Montreal, March 1, 1951.

The following statement by Peat, Marwick, Mitchell & Co. is given to comply with Section 77, Sub-Section 3, Par. (a) (ii) of The Companies Act, 1934, as amended.

Alberta Salt Company Limited

The purchase agreement with the Alberta Salt Company Limited provides for the acquisition of the properties and net current assets of the undertaking as of December 31, 1950 by the Canadian Salt Company Limited with the following exceptions:—

(1) Cash on hand retained by the Alberta Salt Company Limited	$114,129
(2) Current Liabilities remaining for settlement by the Alberta Salt Company Limited	114,818

Canadian Industries Limited

The purchase agreement with Canadian Industries Limited provides for the purchase of the assets of the Salt Division of that company utilized for the operation of that division with the exception of the requisite amount of cash working capital which is estimated by the Company at $300,000.00.

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

Montreal, March 1, 1951.

The following reports by Peat, Marwick, Mitchell & Co. with respect to the earnings of the businesses of Alberta Salt Company Limited and the Salt Division of Canadian Industries Limited are given to comply with the requirements of Section 77, Sub-Section (3) Par. (c) of The Companies Act, 1934, as amended.

To the Directors,

The Canadian Salt Company Limited.

We have examined the accounts of Alberta Salt Company Limited for the two fiscal years ended June 30, 1949 and 1950 and report that, in our opinion, the earnings of the Company for the years stated were as follows:—

	Year ended June 30 1949	1950
Earnings before depreciation, interest charges and taxes on income	$14,408	$172,131
Provision for depreciation	76,425	84,764
Net Profit or *Loss* before interest charges	*62,017*	87,367
Interest charges	11,149	14,095
Net Profit or *Loss* before taxes on income	*$73,166*	$73,272

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

Montreal, March 1, 1951.

To the Directors,

The Canadian Salt Company Limited.

We have examined the accounts of Canadian Industries Limited insofar as they relate to the operations of the Company's salt division for the three fiscal years ended December 31, 1948, 1949 and 1950, and report that, in our opinion, the earnings of the salt division for the years stated were as follows:—

	1948	1949	1950
Earnings before depreciation, interest charges and taxes on income	$480,543	$577,378	$825,074
Provision for depreciation	143,920	167,780	151,623
Net Profit before interest charges and taxes on income	$336,623	$409,598	$673,451

NOTE:—The earnings shown above represent the net operating profit of the Salt Division before charging (1) the cost of a supervisory head office organization and (2) the cost of pension and vacation plan.

(Signed) PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

Montreal, March 1, 1951.

STATUTORY INFORMATION

(a) The Canadian Salt Company Limited (hereinafter called the "Company") was incorporated under the laws of Canada by letters patent dated December 26th, 1950. Supplementary letters patent dated February 9th, 1951, have been issued to the Company. The address of the head office of the Company is Room 1700, 360 St. James Street West, Montreal, Quebec.

(b) The full names, descriptions, present occupations and home addresses of the directors, chief executive officers, officers and auditors of the Company are as follows:—

DIRECTORS

JAMES RICHARDSON DONALD, O.B.E.	Chemical Engineer	561 Landsdowne Avenue, Westmount, Que.
DAVID KILVERT BALDWIN	Investment Dealer	1227 Sherbrooke Street West, Montreal, Que.
FREDERICK DAVID LAMONT	Corporation Executive	4655 Prince of Wales Avenue, Montreal, Que.
EDSON GERALD SMITH	Investment Dealer	4358 Westmount Avenue, Westmount, Que.
GEORGE MACARTNEY DUCK	Retired	709 Devonshire Road, Windsor, Ont.
LIONEL DAVID MACKENZIE BAXTER	Corporation Executive	137 Westgate Avenue, Winnipeg, Man.
HORATIO RAY MILNER, K.C.	Corporation Executive	11618—100th Avenue, Edmonton, Alberta.

OFFICERS

HORATIO RAY MILNER, K.C.	President	11618—100th Avenue, Edmonton, Alta.
EDSON GERALD SMITH	Vice-President	4358 Westmount Avenue, Westmount, Que.
NORMAN COMPTON HOBSON	General Manager	5014 Ponsard Avenue, Montreal, Que.
JAMES HAMILTON BURTCH	Secretary-Treasurer	3885 Maplewood Avenue, Montreal, Que.

AUDITORS

Peat, Marwick, Mitchell & Co., Chartered Accountants, Bank of Canada Building, Victoria Square, Montreal, Quebec.

(c) The general nature of the business to be transacted by the Company will be the recovery, processing and sale of salt and the manufacture and sale of chemicals and chemical products and the operation of gas wells in connection with the Company's operations.

(d) The authorized share capital of the Company consists of 500,000 shares without nominal or par value of which 60,000 shares are at present oustanding and are fully paid. The Company proposes to issue shortly as fully paid an additional 190,000 shares without nominal or par value. Reference is made to paragraphs (e) and (m) and (n) of this Statutory Information for further information regarding the issue of these additional shares.

Montreal Trust Company at Montreal and Toronto is the Transfer Agent and Registrar for the said shares.

The Registrar for the First Mortgage Bonds of the Company proposed to be issued and hereinafter referred to in paragraph (e) of this Statutory Information will be Montreal Trust Company in Montreal and Toronto.

The Registrar for the 5% Notes of the Company will be The Canadian Trust Company in Montreal and Toronto.

Each share without nominal or par value of the capital stock of the Company confers upon the holder thereof the right to one vote at meetings of shareholders of the Company.

(e) No securities of the Company are covered by options outstanding or proposed to be given.

By agreement comprised in an offer dated March 1, 1951, made by Nesbitt, Thomson and Company Limited to the Company and an acceptance by the Company under the same date, Nesbitt, Thomson & Company Limited has agreed, subject to certain conditions therein contained, to purchase from the Company for delivery on or about March 30th, 1951, $2,250,000 principal amount of First Mortgage Bonds, 4½% Series "A", at the price of $97 per $100 principal amount plus accrued interest to date of delivery payable on delivery thereof.

By the same agreement referred to above between Nesbitt, Thomson & Company, Limited and the Company, Nesbitt, Thomson & Company, Limited has agreed, subject to certain conditions therein contained, to purchase from the Company for delivery on or about March 30th, 1951, (a) the $2,000,000 principal amount of unsecured 5% Notes of the Company offered by this prospectus at the price of $93.30 per $100 principal amount plus accrued interest to date of delivery payable on delivery thereof and (b) 140,000 shares without nominal or par value of the capital stock of the Company at the price of $4.50 per share payable on the issue thereof of which 12,000 shares are offered by this prospectus as a bonus with the said 5% Notes on the basis of 3 shares with each $500 principal amount of said Notes.

(f) The securities offered by this prospectus consist of $2,000,000 principal amount of 5% Notes referred to in paragraph (e) hereof, and 12,000 Common Shares (out of the 140,000 Common Shares referred to therein) which the Company has agreed to sell at the price and on the terms therein mentioned.

The said Notes of the Company will be dated March 1, 1951 and mature on March 1, 1971, and will bear interest at the rate of 5% per annum, payable half-yearly on March 1 and September 1 in each year. The said Notes will be redeemable at the option of the Company in whole at any time or in part from time to time on not less than thirty (30) days' notice, at the principal amount thereof plus a premium of 5% if redeemed on or before March 1, 1953, the said premium being reduced by ½ of 1% for each twenty-four months period, or portion thereof, elapsed from such date to the date fixed for redemption, together in each case with accrued interest to the date fixed for redemption.

The Trust Agreement will provide for annual sinking fund payments to the Trustee on or before March 1 in each of the years 1954 to 1970 inclusive, of an amount sufficient to retire $82,500 principal amount of the 5% Notes in each of said years. The Company will have the right to tender Notes in satisfaction in whole or in part for any such sinking fund payment.

The 5% Notes will be direct obligations of the Company, but will not be secured by hypothec, mortgage, pledge or other charge.

The total principal amount of 5% Notes to be authorized to be issued under the Trust Agreement is to be limited to $2,000,000.

The amount payable to the Company on the issue of the Notes and Common Shares offered by this prospectus is as disclosed in paragraph (e) of this Statutory Information and the issue price to the public is as shown on the face of this prospectus to which reference is hereby expressly made.

The Company proposes to issue on or about March 30, 1951, the $2,250,000 principal amount of First Mortgage Bonds, 4½% Series "A", of the Company referred to in paragraph (e) of this Statutory Information at the price therein mentioned.

The Company proposes also to issue on or about March 30, 1951, the additional shares of its capital stock referred to in paragraphs (e) and (m) and (n) of this Statutory Information at the prices payable in cash or other consideration as mentioned therein.

No bonds or debentures are outstanding or are at present proposed to be issued except the Notes offered by this prospectus and the said First Mortgage Bonds, 4½% Series "A", nor are any other securities issued or at present proposed to be issued which if issued will rank ahead of or *pari passu* with the Notes offered by this prospectus except the said First Mortgage Bonds, 4½% Series "A". The said Series "A" Bonds and Notes will rank ahead of the Common Shares offered by this prospectus and the remaining 238,000 Common Shares out of the 250,000 Common Shares to be outstanding will rank *pari passu* with the Common Shares offered by this prospectus.

The said Series "A" Bonds of the Company will be dated March 1, 1951, and mature on March 1, 1970, and will bear interest at the rate of 4½% per annum payable half-yearly on March 1 and September 1 in each year. The said Series "A" Bonds will be redeemable, at the option of the Company, in whole at any time or in part from time to time, on not less than thirty (30) days notice, at the principal amount thereof plus a premium commencing at 4% of the principal amount thereof in the case of Bonds redeemed on or before March 1, 1953, and thereafter at a premium of 3¾% of the principal amount thereof if redeemed on or before March 1, 1955, and thereafter at a premium which will decrease one-quarter of one per centum (¼ of 1%) for each succeeding twelve months' period or portion thereof, together in each case with interest accrued on the Bonds to the date fixed for redemption.

As a sinking fund for the Series "A" Bonds, there shall be payable by the Company on or before March 1 in each year, commencing with the year 1952, an amount sufficient to retire $140,000 principal amount of the said Series "A" Bonds in each of the years 1952 and 1953 and thereafter $95,000 principal amount of such Bonds per annum up to and including the year 1969. Bonds called for redemption through the sinking fund may be redeemed at the principal amount thereof plus interest accrued thereon to the date fixed for redemption. The Company will have the right to tender Series "A" Bonds in satisfaction in whole or in part for any such sinking fund payment.

In the opinion of counsel, all the Series "A" Bonds will be secured by Trust Deeds equally and rateably with each other and equally and rateably (except as to sinking funds pertaining exclusively to any particular series) with all Bonds of any other series which may be issued and outstanding under the said Trust Deeds.

The Trust Deeds will provide that additional First Mortgage Bonds may be issued:—

1. To the extent of 60% of the lesser of the cost or fair value of additional property, as will be defined in the Trust Deeds, acquired after the date of the execution of the said Trust Deeds and then only provided that net earnings, as will be defined in the Trust Deeds, for any twelve (12) consecutive calendar months out of the eighteen (18) calendar months immediately preceding application for such additional issue shall have been not less than three times the annual interest payable on all First Mortgage Bonds which will be outstanding immediately following such additional issue; and

2. To refund or replace Bonds previously issued under the Trust Deeds and retired but, so long as any Series "A" Bonds are outstanding, not Bonds retired through the operation of any sinking fund.

So long as any of the said Series "A" Bonds are outstanding, no additional Bonds may be issued which will have a maturity date prior to March 1, 1970. If the sinking fund for any additional series of Bonds is proportionately greater than the sinking fund for the Series "A" Bonds, the sinking fund in respect of the Series "A" Bonds shall be proportionately equalized.

Trust Deeds will be executed by the Company in favour of Montreal Trust Company, as Trustee, as security for the First Mortgage Bonds, 4½% Series "A", and all other bonds which may hereafter be issued under said Trust Deeds and such Trust Deeds will, in the opinion of Counsel, create a first, fixed and specific security on

(a) the real properties, on which the plants are situated, to be acquired by the Company at Windsor, Ontario, Neepawa, Manitoba and Lindbergh, Alberta, which include the existing salt wells situated on such properties at Windsor and Neepawa, and salt properties at Windsor; and

(b) the rights which the Company will acquire under leases or agreements covering salt, salt wells, gas and gas wells. (The realization of the security on these rights will be subject to the consents of the respective lessors or grantors thereof to the assignment thereof to the Trustee under the Trust Deeds and to any subsequent assignment thereof by the Trustee and, in the case of Alberta government leases, to the regulations in effect from time to time of the Alberta government as to the nature of such assignments).

The said specific security of the Trust Deeds will be expressed to cover all real and immoveable properties and all rights under leases or agreements covering salt or salt wells and gas wells thereafter acquired by the Company but subject, as in the case of rights under the leases and agreements now to be acquired, to the consents of the lessors or grantors under such after-acquired leases and agreements.

In addition, the Trust Deeds will, in the opinion of counsel, create a first, floating charge upon the undertaking of the Company and all its property and assets, present and future, other than those covered by the said specific security.

The Trust Deeds will not hinder or prevent the Company from giving or assuming purchase money obligations.

The Trust Deeds will contain provisions for the release of properties and assets subject to the specific security thereof in the events and upon the conditions to be set forth therein.

The Company will covenant in the Trust Deeds that so long as any Series "A" Bonds remain outstanding it will not apply any of its assets to the redemption or purchase of any of the 5% Notes except for the purpose of the Sinking Fund in respect of said Notes. The Company will also covenant in the Trust Agreement that so long as any of the 5% Notes remain outstanding, and in the Trust Deeds securing the First Mortgage Bonds that so long as any Series "A" Bonds remain outstanding, no dividends will be declared or paid on any shares of its capital stock, nor will the Company effect any reduction of its paid up capital nor redeem or purchase any of its capital stock, when net current assets (to be defined in the Trust Agreement) of the Company are less than, or which would reduce such net current assets below, $1,000,000.

At the present time the Company does not propose to create or assume any substantial indebtedness not reflected or shown or referred to in the pro forma balance sheet of the Company as of December 31, 1950, dated March 1, 1951, hereinbefore set forth in this prospectus or the notes thereto. The said pro forma balance sheet reflects the proposed issue of the Notes offered by this prospectus, the issue of the said $2,250,000 principal amount of First Mortgage Bonds, 4½% Series "A" and the acquisition of the salt assets and salt business of Canadian Industries Limited and the acquisition of the assets and business of Alberta Salt Company Limited, both of which acquisitions are more particularly referred to in paragraphs (m) and (n) of this Statutory Information. The indebtedness representing the purchase price of said assets and businesses will be paid for in cash except to the extent of the assumption of liabilities which are disclosed or referred to in the said pro forma balance sheet or notes and in said paragraphs (m) and (n) and of the sum of $225,000, the payment of which to Alberta Salt Company Limited will be satisfied by the issue to it of 50,000 shares without nominal or par value of the Company as stated in said paragraphs (m) and (n). No security will be given for the Company's obligations to pay any said indebtedness.

No securities have been offered for subscription but on January 27, 1951 the Company accepted a subscription from H. R. Milner, K.C., a director and now the President of the Company for 35,990 shares without nominal or par value of the capital stock of the Company and a subscription from E. G. Smith, a director of the Company, for 24,000 shares. These shares so subscribed for as well as the ten shares subscribed for by the incorporators of the Company have been paid for in full at the price of $1 per share. No commissions were paid or are payable by the Company in respect of such subscriptions. An offering by Nesbitt, Thomson & Company, Limited of the said $2,250,000 principal amount of First Mortgage Bonds, 4½% Series "A", hereinbefore in paragraph (e) of this Statutory Information referred to is proposed to be made contemporaneously with the offer made by this prospectus. Reference is also made in said paragraph (e) with respect to the proposed issue of 140,000 shares (in which are included the 12,000 shares offered by this prospectus) and to paragraphs (m) and (n) of this Statutory Information with respect to the proposed issue of 50,000 shares.

No Notes or Common Shares are proposed to be held in escrow.

(g) The proceeds of the sale of the Notes offered by this prospectus and of the First Mortgage Bonds, 4½% Series "A", and of 200,000 Common Shares without nominal or par value are being used to pay the cash consideration for the purchase of the assets and businesses referred to in paragraphs (m) and (n) of this Statutory Information, to provide for the preliminary and organization expenses referred to in paragraph (l) and for working capital.

No provision has been made for the holding in trust of the proceeds of the Notes or Common Shares offered by this prospectus.

(h) The aggregate remuneration to be paid during the current financial year of the Company to directors of the Company is estimated at a sum not exceeding $6,000 and to officers who may be entitled to receive remuneration in excess of $10,000 per annum is estimated at a sum not exceeding $25,000.

(i) The estimated net proceeds to be derived from the Notes and Common Shares offered by this prospectus on the basis of the same being fully taken up and paid for are $1,920,000.

(j) The minimum amount which in the opinion of the Directors must be raised by the issue of the Shares offered by this prospectus, is $54,000. The cash balance of the sum required to provide for the purchase price of property to be purchased, which is to be defrayed in whole or in part out of the proceeds of the issue and the preliminary expenses payable by the Company is as indicated in paragraphs (l) and (m) and (n). This balance or any amount required for the repayment of any loans which may be made by the Company in respect of said matter from banks or others, will be provided out of the proceeds of the sale of the Notes offered by this prospectus, and of the $2,250,000 First Mortgage Bonds, 4½% Series "A", and of 128,000 additional Common Shares.

(k) No amount has been paid nor is at present proposed to be paid as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company but reference is made to paragraph (e) of this Statutory Information for the amount of discount on the Notes offered by this prospectus and the discount on the First Mortgage Bonds, Series "A", of the Company proposed to be issued as referred to in said paragraph (e).

(l) Preliminary and organization expenses of the Company are estimated at approximately $60,000 including legal and auditing expenses and liabilities assumed in connection with the investigation of the properties and businesses to be acquired by the Company as hereinafter referred to.

(m) and (n) Under date of November 29th, 1950, H. R. Milner, K.C., who is now the President of the Company, addressed to Canadian Industries Limited, of Montreal, Quebec, an offer to take an option to purchase the properties, assets (other than cash) and goodwill, including patents and trade marks, relating to the salt business of Canadian Industries Limited with plants at Windsor, Ontario, and Neepawa, Manitoba, the whole upon and subject to the terms and conditions therein set forth. This purchase was to include various rights under leases and agreements. The option provided also for the assumption by the purchaser of certain obligations in respect of pensions to employees of the vendor who became employees of the purchaser and the purchaser is to receive from the vendor an amount estimated to cover the accrued pension rights of such employees. The option also contained provisions for mutual agreements between the vendor and the purchaser with regard to the sale of brine and salt to the vendor and the supply of water, docking facilities, etc., from and to the vendor, as the case might be, and for other miscellaneous services from the vendor. The purchaser was also to assume the obligations of the vendor under various contracts, including leases of office and warehouse space.

The consideration for the purchase of the salt plants and goodwill was fixed at $2,410,000. Raw materials and stores and supplies on hand on the effective date of purchase were to be purchased at the full delivered cost thereof to the vendor. Supplies on order at that date would be accepted and paid for. Goods in process and finished salt products on the effective date of purchase would be purchased at the total cost to the vendor calculated in accordance with its normal costing procedures. The purchase price of the accounts receivable pertaining to the salt business would be the amounts shown in such accounts less reasonable allowances to be mutually agreed upon for uncollectible accounts. The said offer to take the option was accepted by Canadian Industries Limited under date of December 15th, 1950. Mr. Milner paid for the grant of the option the sum of $25,000, to be applied as part payment of the amounts payable on the purchase of the assets and business if the option were exercised.

Under date of January 27, 1951, the option was assigned by Mr. Milner to the Company in consideration of the reimbursement to him of the said sum of $25,000 and the assumption of all liabilities which he had incurred in connection with the investigation of the properties and business. The Company exercised the option under date of January 30, 1951. Under date of February 22nd, 1951, a supplementary agreement was made between the Company and Canadian Industries Limited extending the time for the completion of the purchase of the assets and business from February 28, 1951, until not later than March 31, 1951, and providing for the payment by the Company immediately of a further sum of $15,000, this sum also to be applied on account of the purchase price if the purchase was completed. This sum was duly paid.

Under date of March 5, 1951, the Company entered into an agreement with Alberta Salt Company Limited, of Edmonton, Alberta, for the purchase, as of December 31, 1950, of the assets, business, goodwill and trade marks of said company, including the salt plant at Lindbergh, Alberta, but not cash on hand and in banks. The agreement calls for the completion of the purchase of the assets and business not later than March 31, 1951. The agreement covers also rights to mine and extract salt under leases from the government of Alberta and also certain rights down to the top of the Devonian limestone to petroleum, natural gas and related hydrocarbons under leases or reservations from said government and Canadian Pacific Railway Company. All rights under these leases or reservations to petroleum, natural gas and related hydrocarbons below the top of the Devonian limestone are to be held in trust by the Company for Anglo-Canadian Oil Company Limited which is to be the sole beneficial owner of such rights. The consideration for said purchase will consist of:—

1. $902,439 for land, buildings, plant, machinery, furniture and equipment;

2. The book value of current assets less the amount of current liabilities which are to be assumed by the purchaser other than unpaid taxes, bond interest, interest on mortgage loan and current instalments of principal on mortgage loan.

3. $151,093 for wells, all equipment and other physical assets relating thereto, rights under salt leases and petroleum and natural gas leases, and goodwill and trade marks. It is a term of the agreement that payment for the said accounts receivable and salt and oil and gas rights, goodwill and trade marks may be satisfied to the extent of $225,000 by the issue to Alberta Salt Company Limited as fully paid and non-assessable of 50,000 shares without nominal or par value of the capital stock of the Company.

The sum of $1 is proposed to be shown in the Company's books as the value of the salt leases to be acquired from Alberta Salt Company Limited and Canadian Industries Limited, the petroleum and natural gas leases to be acquired from Alberta Salt Company Limited and the goodwill and trade marks being acquired from both said companies.

The Company proposes to carry out the purchases of the assets and businesses agreed to be acquired from said Canadian Industries Limited and said Alberta Salt Company Limited.

(o) No securities have been issued by the Company or agreed to be issued by the Company otherwise than in cash except the 50,000 shares to be issued as fully paid referred to in the last preceding paragraphs (m) and (n) for the consideration therein mentioned.

(p) The 5% Notes will be direct obligations of the Company, but will not be secured by hypothec, mortgage, pledge or other charge.

The nature of the title of the Company to the said real properties to be owned at Windsor, Neepawa and Lindbergh will be fee simple. The title to the rights under leases and agreements will be ownership of such rights and the title to the other assets to be acquired will be ownership.

(q) No services have been rendered or are proposed to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the issue of the Notes and Common Shares offered by this prospectus, and the First Mortgage Bonds, 4½% Series "A", and the remaining 128,000 shares out of the 140,000 shares referred to in paragraph (e) of this Statutory Information except legal and auditing services in connection with the incorporation and organization of the Company, the preparation of this prospectus and of the prospectuses to be issued in connection with the sale by Nesbitt, Thomson & Company, Limited of the said First Mortgage Bonds, 4½% Series "A", and the said 140,000 Common Shares. The fees for these services are estimated at approximately $30,000.

No services have been rendered or are proposed to be rendered which are to be paid for by securities of the Company.

(r) No amount has been paid to any promoter. Mr. H. R. Milner, K.C., of 11618 100th Avenue, Edmonton, Alberta, who was a promoter of the Company, paid for the grant of the option from Canadian Industries Limited referred to in paragraphs (m) and (n) of this Statutory Information, the sum of $25,000. The Company has subsequently reimbursed him.

(s) The Company has not entered into any material contracts except the agreements referred to in paragraphs (e) and (m) and (n) of this Statutory Information. Copies of said agreements may be inspected at the office of the Company, Room 1700, 360 St. James Street West, Montreal, Quebec, at any time during ordinary business hours during the period of primary distribution of the securities offered by this prospectus. Copies of the Trust Deeds, when prepared and executed to secure the First Mortgage Bonds, 4½% Series "A", and copies of the Trust Agreement when prepared and executed in relation to the Notes offered by this prospectus, may be inspected at the office of Montgomery, McMichael, Common, Howard, Forsyth & Ker, 360 St. James Street West, Montreal, Quebec, or at the office of Montreal Trust Company at the City of Montreal, Quebec, at any time during ordinary business hours during the said period.

(t) The By-Laws of the Company provide that the remuneration of the directors shall from time to time be determined by resolution of the directors.

(u) In order to provide the Company with funds to meet its liabilities under the assignment of the option referred to in paragraphs (m) and (n) of this Statutory Information and to pay some of the preliminary expenses, on January 27, 1951 Mr. H. R. Milner, K.C., who was a promoter of the Company, subscribed for the 35,990 shares referred to in paragraph (f) of this Statutory Information and Mr. E. G. Smith, who is a Director of Nesbitt, Thomson & Company, Limited, which was a promoter of the Company, subscribed for the 24,000 shares referred to in said paragraph (f). Donald, Ross & Company, chemical engineers, in which Mr. J. R. Donald is a partner, was paid the sum of $6,071.32 for fees and disbursements for professional services in connection with the investigation of the properties being acquired by the Company from Canadian Industries Limited. No Director is interested in any property acquired or proposed to be acquired by the Company except to the extent that Messrs. Milner, Donald, Baxter and Smith are Directors of Alberta Salt Company Limited.

(v) No amount of the consideration received for the issue of the shares without nominal or par value of the Company has been set aside as distributable surplus.

(w) The Company has not been carrying on any commercial business as it has not yet acquired the assets and businesses proposed to be acquired and as a result no actual balance sheet but only pro forma balance sheet is included in this prospectus. The business which the Company proposes to acquire from Canadian Industries Limited has been carried on by that company and its predecessors since approximately the year 1894 at Windsor and 1935 at Neepawa. The business proposed to be acquired from Alberta Salt Company Limited has been carried on at Lindbergh by that company since July, 1948.

(x) Mr. H. R. Milner, K.C., and Nesbitt, Thomson & Company, Limited, by reason of beneficial ownership of shares of the Company are in a position to elect or cause to be elected a majority of the Directors of the Company.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

Montreal, March 14, 1951.

DIRECTORS

(Signed) J. R. Donald
Director

(Signed) D. K. Baldwin
Director

(Signed) F. D. Lamont
Director

(Signed) E. G. Smith
Director

(Signed) L. D. M. Baxter
Director
by his agent E. G. Smith

(Signed) G. M. Duck
Director
by his agent E. G. Smith

(Signed) H. R. Milner
Director and Promoter

Nesbitt, Thomson & Company, Limited
Promoter
by (Signed) R. H. Dean

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

NESBITT, THOMSON & COMPANY, LIMITED
by (Signed) R. H. Dean

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 10% in the capital of Nesbitt, Thomson & Company, Limited, namely, A. J. Nesbitt and P. A. Thomson.